



Ninety – Sixth Legislature – Second Session – 2000  
**Introducer's Statement of Intent**  
**LB 932**

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**Chairperson:** Senator David M. Landis  
**Committee:** Banking, Commerce, and Insurance  
**Date of Hearing:** January 18, 2000

The following constitutes the reasons for this bill and the purposes which are sought to be accomplished thereby:

LB 932 is an omnibus bill introduced at the request of the Nebraska Department of Banking and Finance. The bill addresses issues relating to the financial institutions and entities under the jurisdiction of the Department. Its primary purpose is to update and clarify the laws governing these institutions and entities. The following is a section by section synopsis of this proposed legislation and the reasons supporting the proposals.

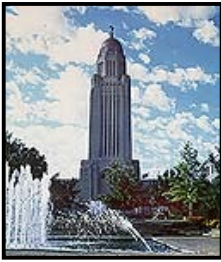
Section 1. Update to wildcard legislation for state-chartered banks. First adopted in 1999, and required to be adopted on an annual basis, the law provides parity between state and nationally chartered banks.

Section 2. Provides that as of August 1, 2000, the minimum capital requirement for new trust companies will be raised from three hundred thousand dollars to five hundred thousand dollars. An increased level of capital for newly established trust companies is essential for their success and their customers' safety.

Section 3. Authorization for the Department to impose a fine for a trust company's failure to timely file required reports. This section is based on section 8-169 of the Nebraska Banking Act, and is intended as a negative incentive.

Sections 4 through 11. Changes to string citations in Chapter 8, Article 3, relating to savings and loan/building and loan associations. These updates were included by the Bill Drafter in conjunction with the repeal of requirements for foreign savings and loan associations doing business in Nebraska (Section 31).

Section 12. Amends section 8-346 which provides the Department's authority to examine savings and loan associations. In conjunction with Section 31, this amendment repeals the examination authority as it relates to foreign savings and loan associations.



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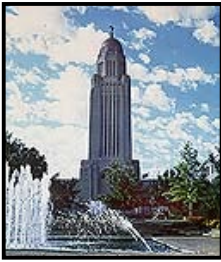
Section 13. Update to the wildcard legislation for state chartered savings and loan associations. First adopted in 1971, annual reenactment is necessary to provide parity for these institutions with federally chartered savings and loan associations.

Section 14. Amends section 8-602, which sets the fees for various functions of the Department. Language within subsection 3 relating to the annual fee for foreign savings and loans is deleted. This is also a conforming amendment to the repeal found in Section 31.

Section 15. Amendment to the Nebraska Bank Holding Company Act regarding the calculation of the deposit cap (the limit which one person or entity may control of the total deposits held in Nebraska banks and savings and loan associations.) Section 8-910 requires the Department to determine the deposit cap annually by a year-end calculation. The amendment changes the year-end calculation to a mid-year calculation. The information necessary to determine the cap is readily available at mid-year as opposed to year-end data. The change will promote Departmental efficiency.

Section 16. Amendment to the Nebraska Securities Act to include issuer-dealers as an entity required to file corrective material information with the Department. This corrects an earlier oversight.

Section 17. Three amendments to the Nebraska Securities Act are included in this section. Identical amendments are proposed to the section 8-1111(9) and section 8-1111(20) exemptions. These exemptions are for limited size securities offerings. One of the requirements for these exemptions is the prohibition of solicitations through specific media sources. The amendment changes those specific prohibitions to one which is more generic in nature. It is intended to prohibit Internet advertisements and solicitations, in addition to standard media advertisements and solicitations, and is necessary due to the widespread use of the Internet as a solicitation tool. The third amendment in this section deals with exempt transactions for employee stock option plans and pension plans. It is proposed that the Department be given the discretion to issue an Order to Cure if the



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notice required by the statute is late. Issuers who inadvertently miss the filing date will benefit in those situations where the public interest would not be harmed by allowing the transaction to proceed on an exempt basis.

Section 18. Amendment to the Securities Act to remove the requirement that copies of any new rules or amendments to the rules adopted under the Act be mailed to all licensed broker-dealers. This will be a cost saving item. The rules will continue to be available from the Department on request, through the Department's web site; on diskette, and in the CCH Blue Sky Reporter.

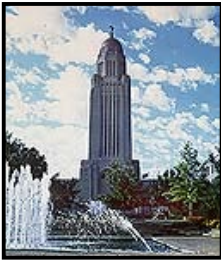
Section 19. An amendment to section 8-1502 to provide that transactions involving changes in control of capital stock financial institutions may be consummated earlier than the current 61-day waiting period if the Department gives notice that it does not intend to object to the transaction. This provision will mirror federal law.

Section 20. Amendment incorporating a new statute for inclusion in the Nebraska Credit Union Act.

Section 21. Amendment to the Credit Union Act to authorize credit union boards of directors to conduct teleconferenced meetings without the current restriction that a majority of the members of the board must be physically present at one location. The amendment will assist a state chartered credit union with has multi-state membership. The language is based on that allowed under the Nebraska Business Corporation Act.

Section 22. This is a new statute setting requirements for credit union fidelity bonds and the issuers of those bonds. Current law requires such bonds, but provides no specifics as to such. This has resulted in an insurer disputing the authority of the Department to obtain information from the insurer. The amendment is patterned after section 8-110 of the Nebraska Banking Act.

Section 23. This is a cross-referencing amendment to Section 22.



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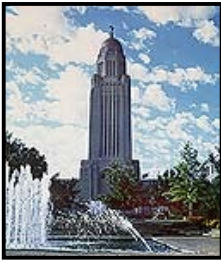
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Section 24. Annual wildcard legislation for state-chartered credit unions. First enacted in 1977, and reenacted annually to provide these institutions with parity with their federal counterparts.

Section 25. This provision amends the Installment Loan Act to require additional duties for installment loan licensees when they make mortgage loans. It will require compliance with certain provisions of the Nebraska Mortgage Banker Registration and Licensing Act. The provisions are consumer-oriented. They provide duties with respect to escrow accounts, payoff information, status reports and releases. Also included is a requirement for the establishment and maintenance of a toll-free telephone number if the licensee services mortgage loans.

Section 26. Amends the Nebraska Revolving Charge statutes to extend legislation adopted in the 1999 session to revolving charge agreements. The 1999 legislation required retailers and finance companies using installment sales contracts to include within the contract, or in a separate document, the exact date on which interest must be paid in order for the purchaser to take advantage of promotions which waive the payment of interest or time-price differential if payment of the principal is made by a certain day. This amendment applies the same requirements to companies utilizing the revolving charge statutes and offering similar sales promotions. A revolving charge includes both retail store charge cards that are not backed by a financial institution, as well as financing arrangements by a retailer which allow customers to purchase items at different times under an open credit plan. As these cards or plans are often backed or provided by a finance company, the customer may receive nothing more than a signed sales receipt. Because of this, this amendment also allows the date to be set forth in the first statement sent from the company, as long as it is sent within 35 days of the purchase.

Section 27. This proposal amends the Installment Sales Act regarding the refund of insurance premiums financed under an installment loan contract. The amendment is twofold. It clarifies that any refunds which may come due during the life of a contract, as



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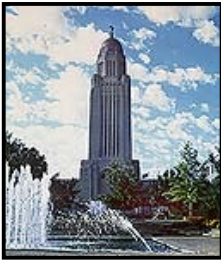
a result of cancellation of the insurance or a premium adjustment, are to be deducted from the final installment due; and adds the requirement that holders of the contracts must notify the consumer within two business days after payoff of the loan if a refund of the insurance premium may be due. In some instances, refunds are not being made.

Section 28. This amendment is to the Nebraska Mortgage Bankers Registration and Licensing Act, and extends the authority of the Department to issue cease and desist orders against mortgage banker licensees for violations of the Act to any persons who are in violation of the Act. It is intended to administratively halt the offering of unlicensed mortgage brokering services, which tend to be fraudulent.

Section 29. This amendment deals with Delayed Deposit Service Business Licensees. These entities, for an upfront fee, hold post-dated checks or agree to hold checks for a period of time. Under the Act, a licensee may not hold a check for more than 31 days. In those cases where a check is returned for insufficient funds and the licensee must go through the collection process, there has been some question as to whether this collection time is 'holding' for purposes section 45-919(1)(c). The Department wishes to codify its position that a collection period is not holding because a violation is a criminal matter.

Section 30. This repeals the original statutory sections which are amended by this bill.

Section 31. This section outright repeals Sections 8-342 to 8-345. The sections refer to "foreign" building and loan/savings and loan associations. Foreign is defined as based in another state. Repeal is requested with respect to the federally chartered savings and loans because the federal government has preempted the states from any form of regulation of federally chartered savings and loans. These laws have been voided. Associations chartered by other states are subject to high levels of regulation, and these laws are unnecessarily duplicative.



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Section 32. This section declares an emergency.

**Principal Introducer:**

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**Senator David M. Landis**